

**THE DIRECTOR OF CENTRAL INTELLIGENCE**

WASHINGTON, D.C. 20505

**National Intelligence Council**

19 January 1982

MEMORANDUM FOR: Richard Kerr

FROM :   
Assistant NIO for East Asia

25X1

SUBJECT : Thoughts on China Policy

1. We would like to consider sending comments to the NSC on the attached memorandum.

2. Putting aside its policy advocacies, it includes assessments about events in and with China for which there are alternative conclusions.

3. I would be please to receive your proposal for such a paper.

25X1

Attachment

Memo from NSC, dtd 8 Dec 81

NSC review completed.

Deriv C1 By 033966  
Revw on Jan 88

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**NATIONAL SECURITY COUNCIL**

January 4, 1982

TO: HARRY ROWEN  
FROM: NORMAN BAILEY

FYI.

*Pass to*

*NIO/EA*

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## MEMORANDUM

## NATIONAL SECURITY COUNCIL

December 8, 1981

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MEMORANDUM FOR: NORMAN A. BAILEY  
DON GREGG  
RICHARD PIPES  
WILLIAM STEARMAN

FROM: CARNES LORD *CL*

SUBJECT: Thoughts on China Policy

It is vital that we not allow our policy toward the People's Republic of China to be defined and dominated by the issue of aircraft sales to Taiwan, or by a combination of considerations of an essentially tactical or short-term nature. Policy toward the PRC must be viewed as a component -- indeed, as one of the key components -- of a US global strategy. The following remarks are intended to stimulate our thinking about China policy so conceived. The basic argument put forward is that the PRC is in the midst of a cultural counterrevolution involving the dismantling of Communism, and that US policy should focus on encouraging this development while adopting a reserved attitude toward political and military cooperation with the PRC.

Domestic Evolution of the PRC

Available evidence strongly suggests that the PRC under Deng has begun to abandon Marxism-Leninism-Maoism as an ideological and political system, in favor of a regime combining traditional Chinese authoritarianism with a mixed economy and a significant measure of personal freedom. Recent crackdowns on the open expression of dissent should not be allowed to obscure the fundamental reforms that are in process to restore basic cultural and religious freedom and the rule of law.

While tactical compromises with the Maoist remnant have proven necessary and must remain so for some time, the Deng regime appears to have the support or acquiescence of the great majority of the population and is steadily consolidating its hold on the politico-military bureaucracy. A simple restoration of Maoism after the death of Deng thus seems highly unlikely. It is certainly possible, however, that the radical thrust of the Deng reforms will be blunted or turned back under a successor regime, particularly a weak collective leadership facing significant

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Review on December 8, 1987

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~economic difficulties or social unrest.

The implications of all this for Chinese foreign policy are far from clear. It would be a mistake to assume that the Chinese people have become irreversibly friendly to the US or the West as a result of the line followed by the government: decades of virulent anti-western propaganda (which has not yet entirely disappeared) and ignorance of the outside world have no doubt left their mark. At the same time, there is more understanding and sympathy than old stereotypes might lead us to believe. Perhaps most significantly, it appears that the Voice of America has for some time had a Chinese audience far larger than had been supposed.

The implications for the US and the West are, on the other hand, momentous. If the PRC is really engaged in dismantling Marxism-Leninism from above, this is a development of historic proportions which rivals and even surpasses the Polish development (where Marxism-Leninism is being dismantled from below). Together, these developments clearly signal the beginning of the secular decline and collapse of Communism as a historical movement -- bereft of the support of its intended beneficiaries, no longer believed by its own leaders.

It is important, though, to stress the difference between the Chinese and the Polish cases. In Poland, it is only the fact of Soviet domination that prevents the complete collapse of the Party and the establishment of a pluralist democracy. In China, a fundamentally authoritarian political culture is likely to sustain the rule of the Party along current lines for the foreseeable future.

#### The PRC and its Neighbors

Given the Soviet invasion of Afghanistan and increasing Soviet involvement in Southeast Asia, it is safe to say that there is no possibility of a significant improvement in PRC-Soviet relations for the foreseeable future, or as long as the current Soviet leadership remains in power. A protracted Soviet succession crisis in the 1980s could change this, however, or a new leadership willing to make substantial concessions to the PRC in Asia in order to salvage a weakened Soviet position in Europe (though it should be added that there are real limits to the ability of any Soviet leadership to take such a domestically unpopular step). The post-Mao regime has made several approaches to the Soviets, and it seems not unlikely that it would respond seriously to such a Soviet move, if only to regain room for maneuver vis-a-vis the West. But it is difficult to imagine circumstances in which the PRC would consider anything more than a limited detente with the Soviets, who will remain the "main enemy" barring a fundamental upheaval in the Soviet empire.

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Perhaps the most important fact about China's relations with its remaining neighbors is that it is the PRC, not the Soviet Union, that is perceived by most of them as the greatest threat to Asian security. Some of the ASEAN countries continue to worry about Chinese support for indigenous leftist insurgencies (currently at a low but not insignificant level) and the fifth-column possibilities of their minority Chinese populations, as well as the vast economic and military potential of the PRC itself.

The Chinese military threat is the primary preoccupation of three nations in particular: India, Vietnam and the Republic of China. It is significant that the PRC has recently taken some relatively radical steps to alleviate tensions with two of these: India, through the reopening of border negotiations and the apparent offer to sell a large amount of unsafeguarded heavy water; Taiwan, through the power-sharing proposal. The approach to India could signal an important shift in PRC foreign policy in the direction of even-handed treatment of India and Pakistan as a strategy for halting Soviet penetration of the subcontinent. The approach to Taiwan appears part of a larger strategy to isolate the ROC from its Western (particularly US) sources of support and lead it down the path to eventual reunification on the basis of an economic, cultural and political convergence of the two societies.

Generally speaking, PRC policy in Asia consists in the pursuit of a coalition of regional and extra-regional powers to contain the "main enemy" -- the Soviet Union and its Vietnamese proxy -- coupled with careful preparations for the reintegration of the ROC, with the former having priority. The construction of coalitions of disparate elements is a traditional Chinese strategy, and is unlikely to be affected greatly by fluctuations in bilateral relations. In particular, there is no reason to believe that the PRC will allow a radical deterioration in its relations with the US -- which would threaten the very basis of its coalition strategy -- merely because of US behavior on the Taiwan issue.

#### Options for US Policy

There are fundamentally two options for US policy toward the PRC. We can pursue either a policy of quasi-alliance with the PRC, or a policy of cautious improvement of relations in the context of our existing regional alliances and relations.

A policy of quasi-alliance would imply the rapid development of a military relationship with the PRC, with minimal limits on the transfer of technology and major weapons systems such as tanks and aircraft, and acquiescence in PRC wishes concerning our relations with Taiwan. Its single great advantage would be to increase the prospect of Chinese involvement in a European war and US/NATO involvement in Soviet-Chinese hostilities, thereby enhancing con-

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tainment of Soviet military power on the Eurasian continent.  
Its disadvantages are that:

- it would involve the visible abandonment of our loyal ROC ally (with its negative implications for all US alliance commitments), while committing US prestige to sustaining a nation whose regime makes it a dubious ideological partner and whose imperial traditions and potential economic and military strength make it a long-term threat to the US position in Asia and globally, in return for very uncertain gains;
- it would greatly diminish US leverage over the Soviets, and would strengthen the USSR internally by allowing the leadership to play on widespread popular fear of the Chinese and of hostile encirclement;
- it would alarm most of the PRC's Asian neighbors, particularly the ASEAN states and India, would create an impression of US weakness and subservience to PRC policy and would probably stimulate improved relations between these nations and the Soviet Union (specifically, it would give a powerful impetus to Indo-Soviet military cooperation, with potentially adverse consequences for the US position in the Indian Ocean and the Persian Gulf);
- it would reduce external and internal pressures for Japanese rearmament, would downgrade the US-Japanese relationship, would create incentives for a Soviet opening to Japan and could encourage neutralist tendencies there.

A policy of cautious improvement of relations in the context of existing alliances and relationships would imply deemphasis of the military aspects of the relationship and strict limits on the transfer of sensitive technologies and weapons, gradual expansion of economic and cultural ties, and a political relationship geared to promote a regional balance, involving a policy of equidistance as between the PRC and its chief rivals -- the ROC, India and the ASEAN bloc -- as well as the retention of Japan as the chief anchor of our Pacific alliance system. Such a policy would presumably imply the continuation of our military relationship with Taiwan, including the sale of advanced fighter aircraft (though probably not the F-16).

The potential disadvantage of this policy is that it would undermine the Deng regime by discrediting its detente with the US and the West and strengthening those who desire a rapprochement with the Soviets. (As indicated earlier, however, there are good reasons for discounting the likelihood of a serious Chinese

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accommodation with the Soviets.) It would avoid the disadvantages of the other policy, while permitting a degree of US-PRC cooperation that would go at least some way toward deterring Soviet military adventurism.

#### The Role of Informational/Cultural Programs

Regardless of the preferred policy option, a crucial component of any long-term US strategy with respect to the PRC must be informational and cultural programs geared to encouraging the cultural counterrevolution now in progress in the PRC and ensuring its irreversibility. The mass of the Chinese people should be addressed in a way that will dispel the gross stereotypes of decades of Communist propaganda; the elite must be convinced that the salvation of China can only come through a serious effort to assimilate the economic and political lessons of post-war history free of ideological blinders, and that the nation's long-term interests lie in military, economic and cultural association with the West. As indicated earlier, available evidence shows that there is much interest in the PRC in things American. What is needed, however, is a carefully thought out strategy that would encompass radio broadcasting (VOA should develop a specifically targeted China program), cultural exchanges and education.

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